



# House of Representatives

General Assembly

**File No. 326**

*January Session, 2017*

House Bill No. 7120

*House of Representatives, March 30, 2017*

The Committee on Higher Education and Employment Advancement reported through REP. HADDAD of the 54th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

## ***AN ACT CONCERNING POSTSECONDARY CAREER SCHOOLS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (1) of section 10a-22a of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective July*  
3 *1, 2017*):

4 (1) "Private occupational school" means a postsecondary career  
5 school operated by a person, board, association, partnership,  
6 corporation, limited liability company or other entity offering or  
7 advertising vocational instruction in any form or manner in any trade,  
8 industrial, commercial, service, professional or other occupation for  
9 any remuneration, consideration, reward or [promise] fee of whatever  
10 nature, including, but not limited to, a hospital-based occupational  
11 school, or any program, school or entity offering postsecondary  
12 instruction in barbering or hairdressing. [, except "private occupational  
13 school" shall] "Private occupational school" does not include (A)  
14 instruction offered under public supervision and control, [;] (B)

15 instruction conducted by a firm or organization solely for the training  
16 of its own employees or members, [; or] (C) instruction offered by a  
17 school authorized by the General Assembly to confer degrees, or (D)  
18 instruction offered in the arts or recreation, including, but not limited  
19 to, the training of students to provide such instruction;

20 Sec. 2. Subsection (c) of section 10a-22b of the general statutes is  
21 repealed and the following is substituted in lieu thereof (*Effective July*  
22 *1, 2017*):

23 (c) Each person, board, association, partnership, corporation, limited  
24 liability company or other entity which seeks to offer occupational  
25 instruction shall submit to the executive director, or the executive  
26 director's designee, in such manner as the executive director, or the  
27 executive director's designee, prescribes, an application for a certificate  
28 of authorization which includes, but need not be limited to, (1) the  
29 proposed name of the school; (2) ownership and organization of the  
30 school including the names and addresses of all principals, officers,  
31 members and directors; (3) names and addresses of all stockholders of  
32 the school, except for applicants which are listed on a national  
33 securities exchange; (4) addresses of any building or premises on  
34 which the school will be located; (5) description of the occupational  
35 instruction to be offered; (6) the proposed student enrollment  
36 agreement, which includes for each program of occupational  
37 instruction offered a description, in plain language, of any  
38 requirements for employment in such occupation or barriers to such  
39 employment pursuant to state law or regulations; (7) the proposed  
40 school catalog, which includes for each program of occupational  
41 instruction offered a description of any requirements for employment  
42 in such occupation or barriers to such employment pursuant to state  
43 law or regulations; (8) financial statements detailing the financial  
44 condition of the school pursuant to subsection (d) of this section and  
45 subsection (g) of section 10a-22d, as amended by this act, prepared by  
46 management and reviewed or audited, or, for a nonaccredited school  
47 [offering instruction in barbering or hairdressing and] annually  
48 enrolling fewer than ten students, compiled, by an independent

49 licensed certified public accountant or independent licensed public  
50 accountant; and (9) an agent for service of process. Each application for  
51 initial authorization shall be accompanied by a nonrefundable  
52 application fee made payable to the private occupational school  
53 student protection account in the amount of two thousand dollars for  
54 the private occupational school and two hundred dollars for each  
55 branch of a private occupational school in this state.

56 Sec. 3. Subsection (i) of section 10a-22b of the general statutes is  
57 repealed and the following is substituted in lieu thereof (*Effective July*  
58 *1, 2017*):

59 (i) Any program, school or other entity offering postsecondary  
60 career instruction in any form or manner in barbering or hairdressing  
61 for any remuneration, consideration, reward or [promise] fee shall  
62 obtain a certificate of authorization from the executive director of the  
63 Office of Higher Education for the occupational instruction offered.  
64 Each program, school or entity approved on or before July 1, 2013, by  
65 the Connecticut Examining Board for Barbers, Hairdressers and  
66 Cosmeticians pursuant to chapter 368 or 387 that submits an  
67 application for initial authorization shall pay an application fee of five  
68 hundred dollars made payable to the private occupational school  
69 student protection account. The executive director of the Office of  
70 Higher Education shall develop a process for prioritizing the  
71 authorization of such barber and hairdressing programs, schools and  
72 entities. Such programs, schools and entities shall be in compliance  
73 with this section on or before July 1, 2015, or when required pursuant  
74 to the executive director's process, whichever is earlier. No person,  
75 board, association, partnership corporation, limited liability company  
76 or other entity shall establish a new program, school or other entity  
77 that offers instruction in any form or manner in barbering or  
78 hairdressing on or after July 1, 2013, unless such person, board,  
79 association, partnership, corporation, limited liability company or  
80 other entity first receives from the executive director of the Office of  
81 Higher Education a certificate authorizing the barbering or  
82 hairdressing occupational instruction to be offered in accordance with

83 the provisions of this section.

84 Sec. 4. Subsection (g) of section 10a-22d of the general statutes is  
85 repealed and the following is substituted in lieu thereof (*Effective July*  
86 *1, 2017*):

87 (g) Each private occupational school shall keep financial records in  
88 conformity with generally accepted accounting principles. An annual  
89 financial statement detailing the financial status of the school shall be  
90 prepared by school management and reviewed or audited, or, for a  
91 nonaccredited school [offering instruction in barbering or hairdressing  
92 and] annually enrolling fewer than ten students, compiled, by a  
93 licensed certified public accountant or licensed public accountant in  
94 accordance with standards established by the American Institute of  
95 Certified Public Accountants. A copy of such financial statement shall  
96 be filed with the executive director on or before the last day of the  
97 fourth month following the end of the school's fiscal year, except in the  
98 case of a nationally accredited school recognized by the United States  
99 Department of Education, in which case such financial statement shall  
100 be due on or before the last day of the sixth month following the end of  
101 the school's fiscal year. Only audited financial statements shall be  
102 accepted from a nationally accredited school. Upon a nonaccredited  
103 school's written request, the executive director may authorize, for good  
104 cause shown, a filing extension for a period not to exceed sixty days.  
105 No filing extensions shall be granted to a nationally accredited school.

106 Sec. 5. Section 10a-22n of the general statutes is repealed and the  
107 following is substituted in lieu thereof (*Effective July 1, 2017*):

108 (a) A private occupational school shall maintain, preserve and  
109 protect, in a manner approved by the executive director, or the  
110 executive director's designee, all school records including, but not  
111 limited to: (1) Student or academic transcripts, including, in a separate  
112 file, a duplicate copy of the academic transcript of each student who  
113 graduated from such school, and a duplicate copy of the academic  
114 transcript of each student enrolled at such school that contains the  
115 student's name, address, program of study, length of such program of

116 study, grade point average and courses completed; (2) attendance  
117 records or other indicators of student progress; (3) copies of individual  
118 enrollment agreements or contracts; (4) evidence of tuition payments;  
119 and (5) any other documentation as prescribed by the executive  
120 director.

121 (b) The executive director, or the executive director's designee, may  
122 at any time during regular business or school hours, with or without  
123 notice, visit a private occupational school. During such visitation, the  
124 executive director, or the executive director's designee, may request an  
125 officer or director of the school to produce, and shall be provided with  
126 immediate access to, such records or information as are required to  
127 verify that the school continues to meet the conditions of  
128 authorization. If the executive director determines that such private  
129 occupational school has not maintained, preserved or protected school  
130 records in accordance with this section, the executive director may  
131 assess an administrative penalty on such private occupational school  
132 pursuant to section 10a-22i.

133 (c) If a school ceases to operate as a private occupational school, it  
134 shall (1) immediately transmit all student or academic transcripts,  
135 described in subdivision (1) of subsection (a) of this section, to the  
136 executive director, and (2) keep the executive director advised in  
137 writing as to the location and availability of all other student records  
138 or shall file all such other student records with the executive director.

139 (d) The executive director shall maintain all records, files and other  
140 documents associated with private occupational schools in a manner  
141 consistent with the mission and responsibilities of the Office of Higher  
142 Education.

143 Sec. 6. Section 10a-22v of the general statutes is repealed and the  
144 following is substituted in lieu thereof (*Effective July 1, 2017*):

145 Any student enrolled in a private occupational school authorized in  
146 accordance with the provisions of sections 10a-22a to 10a-22o,  
147 inclusive, as amended by this act, who is unable to complete [a] an

148 approved course or unit of instruction at such school because of the  
149 insolvency or cessation of operation of the school and who has paid  
150 tuition for such course or unit of instruction, may, not later than two  
151 years after the date on which such school became insolvent or ceased  
152 operations, make application to the executive director for a refund of  
153 tuition from the account established pursuant to section 10a-22u to the  
154 extent that such account exists or has reached the level necessary to  
155 pay outstanding approved claims, except that in the case of distance  
156 learning and correspondence schools authorized in accordance with  
157 the provisions of sections 10a-22a to 10a-22o, inclusive, as amended by  
158 this act, only Connecticut residents enrolled in such schools may be  
159 eligible for such refund. Upon such application, the executive director  
160 shall determine whether the applicant is unable to complete a course  
161 or unit of instruction because of the insolvency or cessation of  
162 operation of the school to which tuition has been paid. The executive  
163 director may summon by subpoena any person, records or documents  
164 pertinent to the making of a determination regarding insolvency or  
165 cessation of operation. For the purpose of making any tuition refund  
166 pursuant to this section, a school shall be deemed to have ceased  
167 operation whenever it has failed to complete a course or unit of  
168 instruction for which the student has paid a tuition fee and, as a result,  
169 the school's authorization has been revoked pursuant to section 10a-  
170 22f. If the executive director finds that the applicant is entitled to a  
171 refund of tuition because of the insolvency or cessation of operation of  
172 the school, the executive director shall determine the amount of an  
173 appropriate refund which shall be equal to [or a portion of] the tuition  
174 paid for the uncompleted course or unit of instruction. Thereafter the  
175 executive director shall direct the State Treasurer to pay, per order of  
176 the Comptroller, the refund to the applicant or persons, agencies or  
177 organizations indicated by the applicant who have paid tuition on the  
178 student's behalf. If the student is a minor, payment shall be made to  
179 the student's parent, parents or legal guardian. In no event shall a  
180 refund be made from the student protection account for any financial  
181 aid provided to or on behalf of any student in accordance with the  
182 provisions of Title IV, Part B of the Higher Education Act of 1965, as

183 amended from time to time. Each recipient of a tuition refund made in  
 184 accordance with the provisions of this section shall assign all rights to  
 185 the state of any action against the school or its owner or owners for  
 186 tuition amounts reimbursed pursuant to this section. Upon such  
 187 assignment, the state may take appropriate action against the school or  
 188 its owner or owners in order to reimburse the student protection  
 189 account for any expenses or claims that are paid from the account and  
 190 to reimburse the state for the reasonable and necessary expenses in  
 191 undertaking such action. Any student who falsifies information on an  
 192 application for tuition reimbursement shall lose his or her right to any  
 193 refund from the account.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2017</i>	10a-22a(1)
Sec. 2	<i>July 1, 2017</i>	10a-22b(c)
Sec. 3	<i>July 1, 2017</i>	10a-22b(i)
Sec. 4	<i>July 1, 2017</i>	10a-22d(g)
Sec. 5	<i>July 1, 2017</i>	10a-22n
Sec. 6	<i>July 1, 2017</i>	10a-22v

**HED**      *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

### ***OFA Fiscal Note***

#### ***State Impact:***

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 18 \$</b>	<b>FY 19 \$</b>
Higher Ed., Off.	Private Occupational School Student Protection Acc - Potential Revenue Gain	Minimal	Minimal

***Municipal Impact:*** None

#### ***Explanation***

The bill makes various changes to private occupational schools, which could result in a minimal revenue gain to the Private Occupational Schools Account (POSA). The bill expands the definition of private occupational school, which could result in additional schools paying into the account. The quarterly contribution of a private occupational school is .4% of tuition revenues.

Additionally, the bill allows the executive director of the Office of Higher Education (OHE) to assess an administrative penalty, of \$500 per day, on schools not in compliance with the new duplicate file requirements. It is anticipated that this provision could result in additional revenue for the POSA, which is expected to be minimal.

The bill makes various other changes to private occupational schools, which are not anticipated to result in a fiscal impact.

#### ***The Out Years***



The annualized ongoing fiscal impact identified above would continue into the future subject to the number of new schools, and the frequency of duplicate file penalties.

**OLR Bill Analysis****HB 7120*****AN ACT CONCERNING POSTSECONDARY CAREER SCHOOLS.*****SUMMARY**

This bill makes the following changes to laws governing private occupational schools:

1. changes the definition of “private occupational school” (§ 1),
2. extends the initial and annual financial reporting requirements for barbering and hairdressing schools enrolling less than 10 students to any type of non-accredited private occupational school with these enrollment numbers (§§ 2 & 4),
3. requires all private occupational schools to maintain duplicate files of academic transcripts for all alumni and currently enrolled students (§ 5), and
4. establishes a deadline by which students may apply to the Office of Higher Education (OHE) for a tuition refund after their private occupational school becomes insolvent or closes (§ 6).

It also makes several technical and conforming changes.

EFFECTIVE DATE: July 1, 2017

**§ 1 — DEFINITION OF PRIVATE OCCUPATIONAL SCHOOL**

The bill expands the definition of “private occupational school” to include postsecondary institutions that advertise vocational instruction in any trade or occupation, in addition to offering instruction in these areas as described in current law.

Conversely, the bill narrows the definition by specifying that

instruction offered in the arts and recreation, including the training of students to provide such instruction, is excluded. It does not define instruction in “arts” and “recreation.”

The bill also specifies that instruction offered by a private occupational school is offered in exchange for, among other things, a fee, rather than a promise as described in current law.

## **§§ 2 & 4 — FINANCIAL REPORTING REQUIREMENTS**

By law, all private occupational schools must submit statements to OHE detailing the school’s financial condition when initially applying for a certificate of authorization to operate and also annually thereafter. These financial statements must be prepared by the school’s management and be reviewed or audited, unless the school (1) is non-accredited, (2) offers instruction in barbering or hairdressing, and (3) enrolls fewer than 10 students annually. For these types of schools, the law requires that their financial statements be compiled by an independent licensed certified accountant or independent licensed public accountant.

The bill extends the same financial statement preparation requirements that apply to these barbering and hairdressing schools to any non-accredited private occupational school that enrolls fewer than 10 students annually.

## **§ 5 — STUDENT TRANSCRIPTS AND RECORDS**

### ***School Records Maintenance***

The bill requires private occupational schools to maintain separate, duplicate files on each alumnus and enrolled student in addition to the student files the law already requires them to keep. (Current law does not specify alumni records maintenance requirements, but rather refers to student records in general.) These duplicate files must contain a copy of each alumnus’ and student’s academic transcript. The transcript of a currently enrolled student must contain the student’s name, address, program of study, program length, grade point average, and completed courses.

By law, the OHE executive director may visit these schools, unannounced, during business or school hours. If during such a visit the executive director determines that a school has not maintained, preserved, or protected school records as required by law, then the bill allows him to assess an administrative penalty on the school of up to \$500 for each day of noncompliance.

Additionally, the bill requires a private occupational school to immediately transfer all transcripts described above to the OHE executive director immediately if it ceases operations. The bill specifies that all other student records the school possesses should either be filed with the executive director or their whereabouts described in writing for him.

### ***OHE Records Maintenance***

The bill specifies that the OHE executive director must maintain all records, files, and other private occupational school documents in a manner consistent with OHE's mission and responsibilities.

## **§ 6 — TUITION REFUNDS**

When a private occupational school becomes insolvent or closes abruptly, preventing a student from finishing a course or unit of instruction, the law allows the student to apply to the OHE executive director for a tuition refund. The bill establishes a deadline for these refund applications of two years from the date when the school became insolvent or ceased to operate. Additionally, for applicants whom the executive director determines are entitled to a refund, the bill requires issuance of a full refund for the uncompleted course or unit of instruction. Current law gives the executive director discretion to issue either a full or partial refund.

## **COMMITTEE ACTION**

Higher Education and Employment Advancement Committee

Joint Favorable

Yea 20      Nay 0      (03/15/2017)